

**QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT  
COMMITTEE**

**ON**

**MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE  
ABUSE SERVICES**

**SESSION LAW 2001-437**

**October 1, 2003 to December 31, 2003**

This quarterly report is submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. This report is for the months of October 1 through December 31, 2003 and provides information on major developments as the Division implements reform.

**Section I: Major developments for this quarter include:**

- ❑ System reform continues to move steadily forward.
- ❑ Leza Wainwright was appointed as the Deputy Director of the Division.
- ❑ The reorganization of the Division is completed and the Division is operating under the new organizational structure.
- ❑ All Team leaders have been hired except the Quality Improvement Team Leader.
- ❑ The Public Policy Work Group continues its work. This group is comprised of representatives from the Division, Area/County Programs and County Managers.
- ❑ The External Stakeholder Group, which was appointed by Secretary Carmen Hooker-Odom and Division Director Richard Visingardi, continues to meet. This group was established to assist the Division with necessary policy development as a part of Mental Health reform implementation.
- ❑ Community Planning Model for downsizing state operated mental retardation centers was finalized and distributed.

## **Section II: Statutory Items**

### **1. Division Reorganization**

The reorganization of the Division is completed and the Division is operating under the new organizational structure. All team leaders, except the Quality Improvement Team Leader, have been hired and are leading their teams in carrying out assigned duties and responsibilities.

Leza Wainwright was appointed Deputy Director of the Division. The Deputy Director serves as the key leader in moving public policy forward through the operations and product development efforts of the Division. The Chiefs of State Operated Services, Public Policy Management and Resources and Regulatory Management Sections report directly to the Deputy Director. Most recently, Ms. Wainwright served as the Team Leader for the Budget and Finance Team. She holds the Masters of Business Administration and Bachelor of Arts degrees from Meredith College.

### **2. State Plan 2003: Blueprint for Change**

State Plan 2003: Blueprint for Change is posted on the Division's website and provides an overview of continued progress and lays the foundation for the key activities and events that must occur in the upcoming year to keep reform moving forward.

The state Operations Plan, which specifies the outcomes to be achieved and products delivered has been developed. Responsibilities for these outcomes and products have been assigned to Division team leaders. All deliverables and tasks are on schedule.

The Child Mental Health Plan is posted on the Division's website and provides the initial direction for developing a children's system that is most responsive to the lives of children, families and communities. Responsibility for the plan has been assigned to the Prevention and Early Intervention Team. The work plan and operations plan will be completed during the first quarter of 2004.

The Division released Communication Bulletin # 13 Systems Management on November 13, 2003. This Bulletin provides a clear distinction between service delivery related to case management and the LME functions of systems management. Additionally the divisions of Mental Health, Developmental Disabilities and Substance Abuse Services and Medical Assistance issued a joint policy memorandum on October 22, 2003, which provided further clarification on issues related to service delivery. (Copy of the memorandum is attached)

A draft of the document Best Practice in Supports and Services to Individuals with Developmental Disabilities was distributed to the public for comment. This document reflects the continued movement toward reform and evidenced-based practice. It is consistent with the guiding principles of the State Plan and establishes a solid framework for implementation of services and supports that promote individuals with developmental disabilities living and participating in communities of their choice.

The Division continues to present information on system reform to consumers and families, providers, public and private agencies and other system stakeholders. The Division has received over fifty nominations for membership on the State Consumer and Family Advisory Committee (CFAC). Twenty individuals will be chosen for membership and an orientation will be held during the first quarter of calendar 2004.

### **3. Local Systems Development**

#### **Information and Technical Assistance:**

Division staff of the Consumer Services and Community Rights Team completed the first data report. This report provides information about complaints, formal Medicaid appeals and information and referral requests filed by consumers and family members and stakeholders.

Staff continues to work closely with the Department's Office of Citizen Services (CARE-LINE) and local LME's to address stakeholder issues. Issues are analyzed for important trends in order to improve quality. Reports will be published quarterly and posted on the Division's Advocacy and Customer Services Section web-site.

### **4. Local Business Plans**

The Division continues to work on the development of the contract between the Department and the LMEs. Staff has completed the reviews of Phase III programs and conducted site visits. Division staff has identified area programs that do not meet the 200,000-population/five county criteria. Discussions will be held with these programs regarding their plans for becoming a viable LME.

### **5. Services and Programs**

#### **ADATC Renovations**

The most recent proposed solution to the water line needed at JFK/ADATC is less than ideal. Bringing a water line from Black Mountain Center to the ADATC facility would likely provide sufficient pressure to cover requirements of a

sprinkler system but not necessarily any future anticipated needs. At present the Office of Property and Construction is exploring another alternative that would take into account present and any future water needs. Design drawings are complete and pending a decision on the water issue before being let for the construction bidding process.

Additional comments were requested on the WBJ/ADATC project by the Department of Insurance and the State Construction Office, which were subsequently submitted by the architect. The construction bid is anticipated to be let in January 2004 with construction now anticipated beginning in February. There is a projected 10-month construction duration.

The new acute unit at JRB/ADATC is currently under renovation with an anticipated finish date in April 2004. Authorization for use of Mental Health Trust Fund monies to support the additional positions needed to staff the new unit has been granted by State Budget. The new positions are to be posted initially as time limited but are to become permanent as funds identified from the Psychiatric Hospital downsizing become available for support in subsequent years.

#### **Funding to Support Expansion of Community Capacity:**

Planning for community services expansion to support hospital bed downsizing in state fiscal year 2004 continued during the quarter. The process that was established in state fiscal year 2003 is being used to plan for expansion in the current fiscal year. This process includes identifying community service and support needs to enable individuals to leave beds scheduled for closure and to meet the needs of those who would have used those beds had they not been closed. During the quarter, area programs submitted proposals for community capacity expansion based on identified consumer needs to be supported by Mental Health Trust Fund for start-up purposes. These proposals were reviewed by staff in the State Operated Services, Community Policy Management, and Resource and Regulatory Management Sections of DMH/DD/SAS. Allocations for community capacity start-up from the Mental Health Trust Fund were initiated during the quarter. A total of \$2.5 million from the Trust Fund is projected for allocation for capacity expansion. Savings from downsizing this fiscal year should result in an additional \$7,981,669 in recurring allocations for community capacity.

The State Operated Services Section is continuing to provide oversight and approval of discharge planning for patients being released from long-term units that are being downsized this year. Hospital and Area Program staffs collaboratively develop comprehensive discharge and aftercare plans, which are reviewed for approval or revision by the Section. This process ensures that all the key services in the community, including residential setting, is in place and ready to receive individuals leaving long-term units. During state fiscal year

2004, 184 beds are planned for closure; these include 137 long-term psychiatric beds and 47 nursing facility beds.

The state psychiatric hospital bed allocation plan continued in operation during October-December 2003. Each area program has been allocated bed days in each of four Service categories (adult admissions, adult long-term, geriatric, and child), and utilization is tracked on a monthly basis. In November, revised bed day allocations for fiscal years 2005, 2006, and 2007 were distributed to area programs. Revisions were calculated to better reflect bed availability per hospital and to reflect changes in scheduled closure dates for child residential (PRTF) beds consistent with the newly developed Child Mental Health Plan.

### **Community Planning Model for Downsizing State Mental Retardation Centers (MRCs)**

The Department promulgated the Community Planning Model for downsizing state operated mental retardation centers in October. MRCs have provided area programs with information about all MRC residents that originated from the area program's catchment area counties. In December area programs identified a group of persons to "bring home" and began to identify the community capacity and provider infrastructure that will be necessary to provide appropriate services and supports. Plans for how to build/recruit the community elements necessary will be submitted to DMH by March of 2004. Using the numbers of consumers projected to move to the community, DMH and the MRCs will identify funds to be moved from the MRCs to the communities to sustain the supports and services developed.

## **6. Administration and Infrastructure**

### **Service Definitions and Licensure Rules:**

The final draft of the adult mental health, developmental disabilities, substance abuse, and child mental health service definitions were completed during this quarter. These new service definitions reflect the implementation of the State Plan and best practice services and supports. The draft service definitions were completed, and released for public comment for a 30-day period. Discussions with the Division of Medical Assistance regarding Medicaid payment for the new service array have continued.

## **7. Financing**

### **Mental Health Trust Fund:**

The Mental Health Trust Fund continues to be used to assist in reform and community expansion. As of December 31, 2003, \$16,160,886 has been used for the following: bridge funding to area programs associated with hospital

downsizing, hospital replacement planning, funding to area programs/counties for IPRS conversion and Local Business Plan development, Olmstead planning assessments and oversight, training regarding reform and consultant contracts.

### **Integrated Payments and Reporting System:**

At this time all Area Programs, except Riverstone and Piedmont, are in production and using the Integrated Payments and Reporting System. This brings an end to the implementation project.

### **8. Progress in Addressing Barriers to System Reform**

This section of the report reflects progress in addressing barriers to system reform. The identified barriers were included in previous quarterly reports.

1. Statutory changes were required regarding confidentiality to reflect changes in HIPPA, IPRS implementation and the acknowledgement of county programs in the statutes where confidentiality is cited.

#### *Update*

*Legislation on confidentiality was passed by the General Assembly.*

2. Local business plans submitted by some Phase I programs have identified ways to enhance reform implementation. Before moving forward with statewide implementation on these ideas, piloting will likely be necessary. When necessary, legislation to pilot alternatives to existing statutes/rules will be proposed.

#### *Update*

*Legislation on 1<sup>st</sup> level commitment evaluations and funding integration was passed by the General Assembly. On December 1, 2003, the Division issued a Request for Applications soliciting eligible area programs to participate as pilot sites for the first examination waiver project. The application deadline was December 31, 2003. Seven area programs submitted applications. Successful applicants will be notified by January 15, 2004.*

### **9. Session Law 2001-437, Section 3 Reporting Requirements**

Pursuant to the requirements of Section 3, (a), the status of the remaining items listed in this section are:

#### **Section 3(a)(3) Oversight and Monitoring Functions:**

Pursuant to SB 163, area authorities or county programs are responsible for monitoring the provision of Mental Health, Developmental Disability and Substance Abuse Services for compliance with the law in cooperation with the

Department. These activities are part of a spectrum of quality assurance activities. Temporary rules went into effect on July 1, 2003.

As reported to the LOC in the first quarter, the SB 163 Report was distributed to the legislature. This report outlines steps taken for implementation of SB 163 that includes rule drafting and tracking requirements. As recommended in the Report, legislation has been introduced that addresses both technical changes to the bill as well as barriers identified as part of the implementation process. SB 926 was passed by the General Assembly and a Department steering committee has been established to guide the implementation of the statute. The divisions of Medical Assistance, Social Services, and Mental Health, Developmental Disabilities and Substance Services have drafted rules to implement the provisions of SB 926. The rules are congruent across the department. The MHDDSAS rules are in process for permanent rulemaking.

#### **Section 3(a)(4) Service Standards, Outcomes and Financing Formula:**

These items remain under study and development.

#### **Section 3(a)(8) Consolidation Plan, Letters of Intent:**

As reported to the LOC in the first quarter, all letters were submitted timely. In addition to reports provided to the Secretary and the LOC, a progress report will be included in the July 2004 State Plan revision. Sandhills/Randolph merged effective July 1, 2003, Wayne merged with Duplin-Sampson-Lenoir, effective July 1, 2003, creating a new entity named Eastpointe. A management agreement was entered between Davidson and Piedmont on July 1, 2003, with full merger scheduled for January 2004. In addition, Trend/Blue Ridge/Rutherford-Polk are scheduled to merge January 2004.